WATER QUALITY MEMORANDUM

Utah Coal Regulatory Program

February 11, 2004

TO: Internal File

THRU: Daron R. Haddock, Permit Supervisor

FROM: Gregg A. Galecki, Reclamation Specialist III

RE: 2002 Fourth Quarter Water Monitoring, Canyon Fuel Company, LLC, Skyline

Mine, C/007/0005-WQ02-4, Task ID #1479

1. Was data submitted for all of the MRP required sites?

YES[x] NO[]

Identify sites not monitored and reason why, if known:

The 'Fall' sampling was conducted in late-October early November 2002. The following sites were added to the water monitoring program in June 2002 as part of the Winter Quarters lease: streams CS-19, CS-20; springs WQ1-39, WQ3-6, WQ3-26, WQ3-41, WQ3-43, WQ4-12; and wells W91-26-1 and W91-35-1. Sites MC-1 through MC-5 were added to the water monitoring program in August 2002 at part of the Eccles Creek/Mud Creek evaluation of increased mine discharge. Well JC-1 was also added to the water monitoring program to monitor water entering the Huntington Creek drainage.

2. On what date does the MRP require a five-year resampling of baseline water data.

Renewal of the permit is April 30, 2007. The MRP makes no commitment to sampling baseline water parameters one year prior to the renewal date. No baseline parameters are even outlined. Operational parameters are the only parameters ever collected.

Permit Renewal date 30Apr07

3. Were all required parameters reported for each site?

YES [x] NO []

Page 2 C/007/0005-WQ02-4 Task ID #1479 February 11, 2004

4. Were irregularities found in the data?

YES[x] NO[]

Anomalous solute analysis from last quarter were not repeated and returned to normal parameters. Anomalous analysis for the current quarter include high Chloride values at CS-4 (5 times normal) and CS-11 (2-3 times normal); regularly, a few abnormal Chloride analysis are recorded every quarter – this is attributed to laboratory error. CS-11 also recorded abnormally high values for Sodium, Calcium, and TDS.

Static groundwater elevations in the following wells were noted since Fall 2000: Well 79-10-1B has been breached due to subsidence related to Mine #3; Well 79-35-1A dropped an additional 3.1 feet (221.5-feet total since June 2000); Well W2-1 dropped 3.8 feet (188.8-feet total since June 2000); and Well W79-26-1 dropped 12.9-feet this quarter (37-feet since June 2001. These wells are completed in the coal seam or/and or underlying Starpoint Sandstone; they are located in the Upper Huntington basin. The groundwater elevations will continue to be monitored. Underground mine-inflows are affecting the water levels in the above-cited wells. This is evident in the increases in the mine discharge. No other irregularities were noted.

5. Were DMR forms submitted for all required sites?

 1^{st} month, YES [x] NO [] 2^{nd} month, YES [x] NO [] 3^{rd} month, YES [x] NO []

All DMR information was submitted electronically.

6. Were all required DMR parameters reported?

YES[x] NO[]

No flow conditions existed at the Loadout and Waste Rock facilities. Continuous discharge conditions existed from the Portal Area Discharge point.

7. Were irregularities found in the DMR data?

YES [x] NO []

Exceedances were reported for all three (3) months (Oct-Dec) for the Total Dissolved Solids (TDS) maximum daily load of 7.1 tons/day. Discharge flows averaged approximately 6,325 gpm in October, 9,950 gpm in November, and 9,760 gpm in December (a 325% increase from 2nd quarter 2001). TDS values averaged approximately 445 mg/l (325 mg/l last quarter) creating a daily loads of approximately 29.21-, 31.4-, and 33.14-tons /day TDS (respectively). Skyline Mine is working with DWQ to modify their permit to consider the TDS values on an mg/l basis instead of tons per day limit. Based on the Colorado Salinity Forum, a daily tons limit may be omitted if the TDS in mg/l remains below 500 mg/l. This will continue to be monitored.

Page 3 C/007/0012-WQ02-4 Task ID #1479 February 11, 2004

8. Based on your review, what further actions, if any, do you recommend?

No further action is necessary for the 2002 02-4 (4th) Quarter Water Monitoring data.

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